

VISIT...

LANZAROTE
Caliente.COM

Increase Your Sales With a Company Catalog

Learn how to make your business more profitable by developing a catalog that'll attract more business.

June 28, 2005

By Michael Winicki

URL: <http://www.Entrepreneur.com/article/0,4621,322168,00.html>

With a headline like this, I'm sure there are those of you out there thinking, "I own an auto repair shop (or a café or a consulting company). How is having a catalog going to benefit me?"

Before I explain just why catalogs should be part of almost every business--no matter whether you sell a product or service--let me give you some shocking figures on why a catalog-based company is one of my favorite business models.

I'm sure you get at least one catalog in your mailbox every week. We all do. And for decades, catalog businesses were the "apple of the eye" when it came to entrepreneurs, old-time retail businesses and investors. Catalog businesses were often started at a kitchen table, and many achieved sales in the millions, if not tens of millions, of dollars.

But then the internet came along. Entrepreneurs quit looking at catalogs as a solid business model, and instead of ink on paper, they chose to put digital pictures on a screen. Print catalogs quickly fell to the bottom of many business owners' popularity charts.

Don't make that same mistake! I've spent several years working with and for catalog companies, and the numbers I'm about to share with you are completely true. You may have heard the old rule of thumb that it's five times easier reselling an old customer than it is selling a new customer. The other way of saying this is that it's five times more expensive to market to a new customer than to an old one. I'm willing to bet the number of businesses that violate that rule outnumber those who don't about 99 to 1. Everyone violates it...internet businesses, restaurants, beauty salons, flower shops, plumbers--everyone.

The only businesses that don't violate it are the catalog companies. They know better. They know that a profitable business is best achieved by both attracting prospects into becoming new customers and by enticing old customers to buy your products or use your services over and over again. But you know what? I think the "rule of five" is all wrong! And here's why.

The first catalog company I worked for put out a monthly catalog. They sold products to businesses, and the average order size was more than \$200. Each month, we'd send out approximately 30,000 catalogs to our "house file" or the businesses that had purchased from us before. And we'd send out approximately 70,000 catalogs to company names from lists we would rent. These businesses had never purchased from us previously. (Hope you're following the math because this is where it starts to get good!)

From those 70,000 catalogs sent to people who had never dealt with us before, we'd earn about \$70,000 in sales or just about \$1 per catalog. Considering that it cost about a \$1 just to produce, print and mail each catalog, you'd be right to bet this wasn't the best way of becoming independently wealthy! But you know that business after business out there--all up and down Main Street, in home offices and on the internet--are doing the exact same thing. They keep using up their marketing budgets trying to attract new prospects--while forgetting

all about their old customers.

Now let me tell you what happened to the catalogs sent to the customers who'd ordered from us before. Those 30,000 catalogs would generate, on average, \$450,000 in sales. If you're paying attention--and you should be now--that's \$15 in sales for every catalog we sent out. I bet you could stand a cool \$15 return for every dollar you spent on marketing, couldn't you? The fact is, catalogs are one of the few marketing vehicles I know that, when unleashed on a list of your past customers, can return a bushel basket full of money. The question now becomes, why are catalogs so effective?

Catalogs have the inherent advantage of just "being there." You have to move them and store them; even throwing them out requires energy. And for many people, catalogs are a prime source of reading material. It's still easier to read ink on paper than it is to read dots on a computer screen. And please don't give me the lame, "I don't see why catalog marketing would make me money because I throw out every catalog that comes through the door without even cracking open the cover." Let me remind you that the difference between a moneymaking promotion and a money loser is quite often less than one person per hundred, so don't be so quick to dismiss the idea of a catalog, OK?

And what if you're not selling a product but providing a service? Can a catalog benefit you?

What I suggest to any service provider I work with is to create a small catalog featuring your service. Talk about your expertise. Talk about some of the assignments or jobs you've completed. Talk about the solutions you've provided to help customers or clients out.

Now be aware that what I'm talking about isn't a brochure--brochures just beg to be thrown away because their size and general lack of detailed information don't lend themselves to being kept. On the other hand, an 8" x 10", 12-page catalog inherently has the space for more detailed information and is much more likely to be held on to.

A catalog for a restaurant, for example, could be a combination menu with the history of and stories about the business. A catalog for a florist could show a variety of their standard and custom designs. Say you run a beauty salon. You could take finished photos of your clientele and, with their permission, put together a catalog of hairstyles.

And these catalogs wouldn't have to be the glossy, four-color, 72-page kind you often get in the mail, either. I've come to realize that "cheesy" homemade-looking catalogs are often more profitable than those "fancy" catalogs you get in the mail--mostly because everyone gets sick of the fancy-looking catalogs and something a little different tends to stand out.

Then once you have a catalog, I'd use it like a business card and give it to anyone and everyone I met, but I'd specifically try to get it into the hands of people who had previously done business with me.

A great many smart e-commerce business owners have come to realize that offline marketing like a print catalog is often the best marketing investment they could make. Rising pay-per-click costs, spam filters and too many affiliate programs are making online businesses both more expensive and less effective than they've ever been.

But the number of internet-related businesses that don't have a print catalog quite frankly

astonishes me. Don't all these website owners know they're losing money hand over fist? Remember, once a website is out of site--off screen--it's out of mind for the person sitting in front of the screen. But having a catalog around the house to pick up and look through triggers customers to think about ordering again.

Remember this: Just because a particular marketing tool is a little long in the tooth doesn't mean it can't put a few extra "Ben Franklins" in your wallet.

Michael Winicki, the owner of Big Noise Marketing, has worked with more than 2,000 small businesses over the past 20 years helping them become more profitable. Visit his [website](#) to find out how to get a free ad critique or a free over-the-phone business evaluation.

Copyright © 2005 Entrepreneur.com, Inc. All rights reserved.